

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11
Case No. 17-22445(RDD)

METRO NEWSPAPER ADVERTISING
SERVICES, INC.

Debtor.
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**SCHEDULING ORDER IN CONNECTION WITH (1) DEBTOR'S
MOTION FOR AN ORDER DETERMINING tronc INC. TO BE IN
WILLFUL VIOLATION OF THE AUTOMATIC STAY AND
AWARDING RELATED DAMAGES AND (2) TRONC INC.'S
CONTEMPLATED MOTION TO MODIFY THE AUTOMATIC STAY**

The debtor and debtor in possession (the "Debtor") in the above-referenced Chapter 11 case having filed an Emergency Motion for an Order (i) Determining tronc Inc. to be in Willful Violation of the Automatic Stay and (ii) Directing tronc to Pay the Debtor's Costs and Fees Incurred and Compensatory Damages Sustained and in Connection with this Motion Pursuant to this Court's Civil Contempt Powers and 11 U.S.C. §§105(a) and 362(a) and Request for Hearing on Shortened Notice (the "Debtor's Stay Violation Motion") (ECF Nos. 24, 25, 30 and 36); and tronc, Inc. ("tronc") having filed a Response In Opposition to the Debtor's Stay Violation Motion (ECF Nos. 34 and 35; the "tronc Opposition"); and tronc having admitted that it sent letters dated April 6 or 7, 2017, to the following 19 entities: AARP, AB Data Limited, ADT, Blue Shield of CA, Boehringer (LAT), Burger King Corporation, Capital One (CTC), Centene Corp dba Health Net, Dignity Health, Eau Palm Beach Spa, HSBC Bank, Incyte Pharmaceuticals, LG Electronics, Mutual of Omaha, Navy Federal Credit Union, Pentagon Federal, PNC Bank, Sands Bethlehem, and Siemens collectively referred to herein as the "Advertiser Entities") seeking payment to tronc of monies that the Debtor claims are solely due and payable to Versant Funding LLC as assignee of the Debtor under its factoring arrangement

and which tronc claims are due and payable by the Advertiser Entities directly to tronc (the "tronc Demand Letters", an example of which to Incyte Pharmaceutical is part of Exhibit B to the Debtor's Stay Violation Motion); and the Court having reviewed the Debtor's Stay Violation Motion and the tronc Opposition submissions, and having held a hearing on April 28, 2017 thereon; and, upon due deliberation, the Court having directed at the hearing, and tronc having agreed, that the tronc Demand Letters be immediately rescinded in their entirety subject to the reservation of the Debtor's and tronc's respective rights, and that tronc may, in turn, move for relief from the automatic stay under 11 U.S.C. § 362(a) with respect to its ability to seek payment from the Advertiser Entities and others, including on a principal/agent theory (the "Relief from Stay Motion"), and that the Court shall hold an evidentiary hearing, bifurcated as to damages and other monetary relief, to further consider (a) the Debtor's Stay Violation Motion, and the tronc Opposition thereto and (b) the Relief from Stay Motion; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. tronc shall immediately rescind the tronc Letters by sending to each of the Advertiser Entities by no later than close of business on May 1, 2017, a letter in the form attached as Exhibit A hereto, with such letters being sent in the same method and manner in which the tronc Demand Letters were sent (by e-mail and/or Federal Express to the attention of the same person or entity or addressee as set forth in each of the tronc Letters), and tronc shall separately e-mail to the Debtor's counsel a copy of each such letter with a representation that each such letter has been sent in the manner directed by this Order.

2. tronc shall file the Lift Stay Motion no later than May 15, 2017 at 5:00 p.m.

3. An evidentiary hearing on the principal/agent-related issues in Debtor's Stay

Violation Motion and the Relief from Stay Motion shall be held on August 3, 2017 at 10:00 a.m. and (if necessary) August 4, 2017 at 10:00 a.m., and the Debtor's Stay Violation Motion, and the tronc Opposition thereto, is adjourned until that time; and a separate hearing to consider damages and other monetary relief, if any, shall be subsequently scheduled by the Court.

4. The parties' counsel shall confer further regarding a schedule for pre-hearing discovery and pre-hearing submissions and procedures, and thereafter submit a further proposed scheduling order to the Court, with such order to accord with the pre-hearing practices and procedures of this Court, no later than May 30, 2017.

Dated: White Plains, New York
May 2, 2017

/s/Robert D. Drain
HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE